

OFFICIAL PROCEEDINGS OF THE BOARD OF TRUSTEES CITY OF LANSING POLICE AND FIRE RETIREMENT SYSTEM

Regular Meeting
Council Conference Room
10th Floor, City Hall
Lansing, MI

September 23, 2014
Tuesday, 8:30 a.m.

The Board was called to order at 8:31 a.m.

Present: Trustees Benson, Fabus, Hecksel, Kraus (8:46), Oleson, Wood– 5.
Absent: Trustee Bernero, Kraus, St. Aubin

Others: Angela Bennett, Karen E. Williams, Finance Department; Attorney Ken Lane, Clark Hill Law Office (representing the Law Department).

It was moved by Trustee Oleson and supported by Trustee Benson to approve the Official Minutes of the Police and Fire Retirement System Board Meeting of August 19, 2014.

Adopted by the following vote: 5 – 0

It was moved by Trustee Hecksel and supported by Trustee Benson to approve the Official Joint Minutes of the Police and Fire Retirement System Board and the Employees' Retirement System Board of August 19, 2014.

Adopted by the following vote: 5 - 0

There were no public comments.

Secretary's Report.

0 new fire member(s), 0 new police members, 0 reinstatement(s), 0 refund(s), 0 transfers, 2 retired. Total: Active membership: 331. 1 death(s), Carolyn J. Curtis, died 8/12/2014, age 90, spouse of Police retiree. Refunds made since the last regular meeting amounted to \$0.00. Reimbursements to the System year-to-date amount to \$0.00. Retirement allowances paid for the month of August 2014 amounted to \$2,266,881.46. Total retirement checks printed for the P&F System: 699. Total retirement checks printed for both systems: 1593. Domestic relations order received: 0 Domestic relations orders pending: 0. Eligible domestic relations orders certified: 1.

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It was moved Trustee Hecksel and supported by Trustee Kraus to approve the following applications for Regular Age and Service Retirements:

Roberta Fockler, Fire Department, 25 years of service credit, age 52, effective September 27, 2014. (w/purchase of 11 months of universal service credits)

David Ellis, Police Department, 19 years, 1 month of service credit, age 55, effective October 18, 2014

Lyle Stampski, Fire Department, 25 years of service credit, age 54, effective October 22, 2014 (w/the purchase of 12 months of military service credits)

Adopted by the following vote: 7 – 0.

Karen Williams reported that the medical report for Mr. Coddington's re-examination had been received and provided to the disability subcommittee.

Trustee Hecksel reported that the medical report had been reviewed and the recommendation from Dr. Roth was to continue the duty disability retirement of Mr. Coddington.

There were no requests for Non-Duty Disability retirements.

There were no requests for refund of accumulated contributions.

Ms. Williams reported that the Retirement Office received notice from Trustee St. Aubin that he would be out of town and not able to attend the Board meeting. Trustee St. Aubin requested to be excused.

It was moved by Trustee Hecksel and supported by Trustee Fabus to excuse Trustee St. Aubin from the September Police and Fire Retirement Board meeting.

The Board noted that Trustee Kraus was an ex-officio member and did not need to be formally excused.

Adopted by the following vote: 5 - 0

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Karen Williams reported that Tegrit has requested the electronic version of the reduction factors used for optional forms of the payment of benefits. The factor sheet currently exists in paper form, but needs to be loaded into the Arrivos Calculator Database. Greg Stump, Boomershine Consulting Group, recommended that new reduction factors should be considered based upon updated mortality tables.

Karen Williams reported that Tegrit has completed work on the Calculator Engine technical specifications and have provided screen designs for the Calculator and Web Estimator. Ms. Williams reviewed the draft calculation sheets that would be produced from the Arrivos Software. She requested that Trustee review the drafts for their input. The PBI integration has been completed.

Trustee Kraus entered the meeting.

Trustee Benson inquired about the cost of the project.

Trustee Wood explained that the project cost would be split between both boards would allow continuity for the Retirement Office when there is a new employee.

Trustee Kraus also added that the manual process is archaic and needs to be updated for the future.

Trustee Hecksel provided an oral report of his attendance at the MAPERS Fall Conference held September 14 -16. Trustee Hecksel reported that he attended workshops that provided a comparison of the Defined Contribution and Defined Benefit Plans.

Trustee Fabus reported that he also enjoyed the networking opportunities and that is was one of the better MAPERS conferences.

Attorney Ken Lane provided a legislative update of topics discussed at the MAPERS Conference. Attorney Lane highlighted Public Act 314 section regarding the establishment of an investment committee that applies mainly to the City of Detroit. The investment committee would have the ability to overrule the selection by the Board of Trustees. Attorney Lane also discussed proposed HB 4804 that details if a municipality moves to the Defined Contribution Plan, the decision to move back to a Defined Benefit Plan cannot be collectively bargained.

Trustee Benson submitted and discussed his written report of his MAPERS Conference attendance that highlighted issues such as Trustee responsibilities.

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Trustee Oleson provided his report and stated that MAPERS Conference presented a wide variety of information on difference between retirement plans, global macro-economic outlook., emerging markets, and actuarial issues.

Ms. Williams discussed hotel arrangements for the NCPERS Public Safety Conference October 26 -29 in New Orleans. Ms. William requested that applications and requests be submitted before the October 2, 2014 deadline for early registration.

Attorney Lane has completed the scan of the Trustee book and will provide the electronic version to the Retirement Office. Attorney Lane updated the Board that Human Resources completed its review of the Police and Fire Retirement Ordinance. The draft has been forwarded to the Mayor and the City Council.

Trustee Wood stated that the draft had not been received by the City Council. Trustee Wood informed the Board that Council could make a joint referral to the Police and Fire Retirement Board.

Attorney Ken Lane discussed a request to the Police and Fire Retirement System from Robbins Geller Rudman & Dowd to pursue a securities litigation derivative case. Attorney Lane indicated that the suffered losses do not meet the threshold set the Retirement Boards.

Attorney Lane also reviewed a news article regarding Robbins Geller Rudman & Dowd who was sanctioned by the California courts. Attorney Lane informed the Board that Milberg law firm and Northern Trust also perform fraud monitoring for the Boards' securities.

Attorney Lane stated that he spoke to both chairpersons of the Retirement Boards regarding Robbins Geller Rudman & Dowd's request for the derivative litigation. Attorney Lane reported that Trustee St. Aubin recommended that the Police and Fire Retirement Board not pursue the derivative case, and discuss terminating its contract with the law firm. Attorney Lane concurred with the recommendation.

The Police and Fire Retirement Board discussed terminating its contract with Robbins Geller Rudman & Dowd.

It was moved Trustee Hecksel and supported by Trustee Benson to terminate its contract with Robbins Geller Rudman and Dowd. Trustee Wood offered a friendly amendment accepted by Trustee Hecksel to provide the information regarding the Board's vote to terminate to the City Attorney's Office.

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Trustee Wood indicated that the Robbins Geller Rudman and Dowd had been placed on the approved list for the City Attorney. The City Attorney's Office should be notified of the Board's action and the reasoning so that the approved list of law firms can be revised.

Adopted by the following vote: 6-0

Trustee Wood also requested that the Employees Retirement System be notified of the action taken by the Police and Fire Retirement Board regarding Robbins Geller Rudman and Dowd.

Attorney Lane stated that he would also discuss the derivative case with the Employees Retirement System Board and inform them of the Police and Fire Retirement Board action.

Ms. Williams described the Minute Master Services provided by Gabriel, Roeder and Smith. The fee for 2014 service was quoted as not to exceed \$3,100. The Minutes Master Service was approved at the Police and Fire Retirement Meeting.

It was moved by Trustee Fabus and supported by Trustee Kraus to approve the 2014 Minute Master Service fee as quoted to not exceed \$3,100.

Adopted by the following vote: 6-0

Ms. Williams provided an update regarding the actuarial valuation data. Ms. Williams reported that the Accounting Manager and Greg Stump had discussed the asset information. The data for the actuarial valuation has been forward to Boomershine Consulting Group. Mr. Greg Stump is scheduled to present the actuarial valuation at the October meeting.

Ms. Williams reviewed the agenda and travel arrangements for the Asset Consulting Group due diligence visit.

Karen Williams reviewed the Monthly Investment Report and the Securities Lending Report for the period ending August 31, 2014.

Trustee Wood inquired about the balance in the securities lending account. Trustee Wood noted that the balance had reached \$3 million and suggested moving a majority of the money back into the portfolio for investment. Trustee Wood asked if the Board would like to discuss transferring these monies for a better investment return.

Trustee Kraus agreed that a smaller balance in the securities lending would be appropriate. The remainder of the money should be invested more prudently in the general investment pool.

Trustee Hecksel suggested consulting Asset Consulting Group regarding the transferring money from Securities Lending back to the main investments.

Trustee Wood provided an overview of the origin of the securities lending account and its purpose.

Trustee Oleson requested that Asset Consulting Group be notified of the Board's inquiry so that it can be reviewed at the due diligence meeting.

It was moved by Trustee Hecksel and supported by Trustee Wood to adjourn the meeting.

Adopted by the following vote: 6 - 0

The meeting adjourned at 9:20 am.

Minutes approved on _____

Angela Bennett, Secretary
Police & Fire Retirement System

Robert Oleson, Vice Chairperson
Police & Fire Retirement System